

Message Text

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ACTION EUR-12

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TO SECSTATE WASHDC 8650

INFO ALL EC CAPITALS 531

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AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

LIMITED OFFICIAL USE EC BRUSSELS 3253

E.O. 11652: N/A

TAGS: EEC, BA

SUBJECT: EC/BANGLADESH-NON-DISCRIMINATORY ACCESS TO NATURAL
RESOURCES

REF: A) EC A-133, APRIL 4, 1975

B) EC BRUSSELS 8137 (1974)

1. SUMMARY: THE EC COMMISSION IS ASKING THE COUNCIL TO
CHANGE THE NEGOTIATING MANDATE FOR THE COMMERCIAL
COOPERATION AGREEMENT (CCA) WITH BANGLADESH TO PERMIT THE
COMMISSION TO CONCLUDE A SPECIAL ARRANGEMENT FOR NON-
DISCRIMINATORY ACCESS TO THE NATURAL RESOURCES OF
BANGLADESH COUPLED WITH INVESTMENT GUARANTEES. END SUMMARY.

2. THE EC COMMISSION, IN THE CONTEXT OF THE CURRENT
NEGOTIATIONS FOR A COMMERCIAL COOPERATION AGREEMENT WITH
BANGLADESH (ALONG WITH SRI LANKA AND PAKISTAN), HAS
TRANSMITTED A COMMUNICATION TO THE EC COUNCIL
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(POUCHED TO RPE, MR. CASEY) REQUESTING THAT THE

LAST FALL'S NEGOTIATING MANDATE (REFTEL B) BE MODIFIED. THE COUNCIL HAD ORIGINALLY INSTRUCTED THE COMMISSION TO SEEK AN UNDERTAKING FROM BANGLADESH (AND THE OTHERS) PROVIDING THE EC WITH NON-DISCRIMINATORY ACCESS TO THEIR NATURAL RESOURCES. IN THE TALKS WHICH HAVE TAKEN PLACE SO FAR, NEITHER BANGLADESH NOR SRI LANKA APPEAR WILLING TO GIVE SUCH A GENERAL COMMITMENT. ACCORDING TO THE COMMISSION DOCUMENT BANGLADESH, FOR ITS PART, IS READY TO "CONSIDER COOPERATION WITHIN SPECIFIED SECTORS ON TERMS THAT WOULD GIVE THE COMMUNITY ACCESS TO THE NATURAL RESOURCES RELATED TO SUCH SECTORS, PROVIDED THAT THIS OFFER WOULD LEAD TO INVESTMENTS BY COMMUNITY ENTERPRISES WHICH, IN TURN, WOULD CONTRIBUTE SIGNIFICANTLY TO THE ECONOMIC DEVELOPMENT OF THEIR COUNTRY. FURTHER, BANGLADESH IS PREPARED TO GUARANTEE SUCH INVESTMENTS."

3. THE DOCUMENT GOES ON TO SAY THAT CURRENT BANGLADESH LAW GUARANTEES FOREIGN INVESTMENT AGAINST NATIONALIZATION FOR TEN YEARS. BANGLADESH HAS INDICATED HOWEVER THAT IT IS PREPARED TO INCREASE THE GUARANTEES "IN FAVOR OF INVESTORS WHO WOULD ENGAGE IN PROJECTS WHICH HAD BEEN SELECTED AFTER CONSULTATION WITHIN THE FRAMEWORK OF THE CCA". NOTING IBRD REPORTS OF SIGNIFICANT (8-9 TRILLION CUBIC FEET) NATURAL GAS DEPOSITS UNDER THE BAY OF BENGAL, THE COMMISSION IS OF THE OPINION THAT THE TERMS OF ACCESS TO SUCH RESOURCES WHICH BANGLADESH IS OFFERING ARE ATTRACTIVE AND WOULD PROVIDE A NOVEL FORM OF COOPERATION WITH A NON-ASSOCIATED LDC. IT THEREFORE RECOMMENDS THAT THE COUNCIL MODIFY THE NEGOTIATING DIRECTIVES AS FOLLOWS:

4. BEGIN TEXT: B. IV. ACCESS TO NATURAL RESOURCES IN BANGLADESH

THE COMMISSION SHALL ENDEAVOR TO OBTAIN THE INCLUSION IN THE AGREEMENT OF PROVISIONS SECURING LIMITED OFFICIAL USE

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FOR THE COMMUNITY NON-DISCRIMINATORY ACCESS TO THE NATURAL RESOURCES OF BANGLADESH IN SUCH SECTORS AS MIGHT BE RECOMMENDED BY THE JOINT COMMISSION. THESE PROVISIONS WOULD ALSO RELATE, ON THE ONE HAND, TO SPECIAL STATE GUARANTEES WHICH MIGHT BE EXTENDED BY BANGLADESH TO COMMUNITY ENTERPRISES INVESTING IN THESE SECTORS AND, ON THE OTHER HAND, TO THE MEASURES WHICH THE COMMUNITY MIGHT TAKE TO

PROMOTE SUCH INVESTMENTS, END TEXT.GREENWALD

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